



IGD GROUP

Second Quarter Consolidated Results as at 30th June 2006

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BOARD OF DIRECTORS

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- ➔ **VICE CHAIRMAN**
COSTALLI SERGIO
- ➔ **CHIEF EXECUTIVE OFFICER**
CARBONARI FILIPPO-MARIA
- ➔ **DIRECTORS**
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BINI MAURO
CANOSANI ARISTIDE
CARPANELLI FABIO
CAPORIONI LEONARDO
FRANZONI MASSIMO
GENTILI FRANCESCO
PELLEGRINI FERNANDO
POZZOLI STEFANO
SABADINI RICCARDO
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ZAMBONI ROBERTO

BOARD OF STATUTORY AUDITORS

- ➔ **CHAIRMAN**
CONTI ROMANO
- ➔ **STATUTORY AUDITORS**
CHIUSOLI ROBERTO
GARGANI FRANCO

Auditors

Reconta Ernst&Young S.p.A.

REPORT ON OPERATIONS

The IGD Group's quarterly reports for the second quarter 2006, and for the periods presented as a comparison, have been prepared in accordance with the International Financial Reporting Standards (IFRS).

Report on key operating results

The table below is a summary of the operating results as of 30 June 2006, compared with the corresponding figures for the second quarter of 2005, presented in million euros:

CONSOLIDATED INCOME STATEMENT

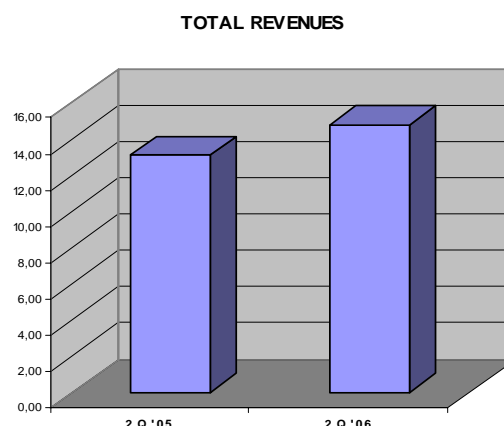
	2 Q '05	2 Q '06	Δ	%
Revenue	12.77	13.96	1.19	9.35%
Other income	0.35	0.85	0.51	146.78%
TOTAL REVENUES	13.11	14.81	1.70	12.97%
			0	
Purchase of materials and external services	5.93	9.38	3.45	58.13%
Staff charges	0.45	0.78	0.33	73.90%
Other operating costs	0.57	0.72	0.15	25.62%
Changes in inventories	-1.95	-5.51	-3.56	182.94%
EBITDA	8.11	9.44	1.34	16.50%
			0	
Amortisation and depreciation	0.07	0.42	0.35	499.92%
Change in Fair Value	14.94	36.62	21.68	145.14%
EBIT	22.97	45.64	22.67	98.67%
			0	
Financial operations:	-0.51	-1.41	-0.91	178.76%
Financial income	1.70	1.26	-0.44	-25.80%
Financial charges	2.21	2.68	0.47	21.08%
PROFIT BEFORE TAX	22.47	44.23	21.76	96.86%

The Second Quarter 2006 closed with consolidated earnings before tax of €44.23 millions, an increase of €21.76 millions (+96.86%) if compared with the Second Quarter 2005. The increase is explained by the growth in Revenues and by the positive Change in Fair Value, following the update of the appraisals of the real estate assets.

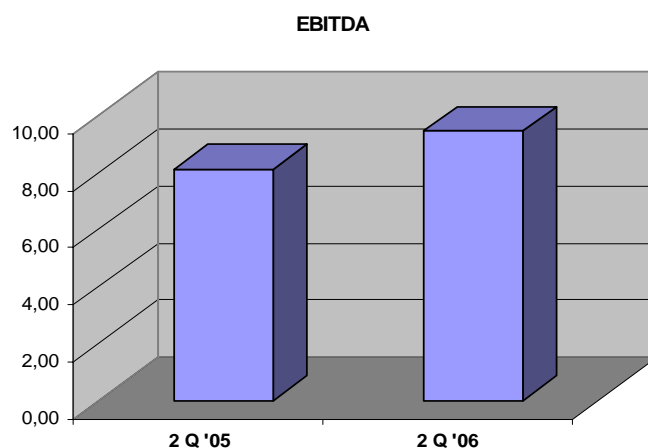
The increase in profitability, in line with the business plan forecasts, is the result of the following factors:

1. REVENUES increased by €1,7 millions (+12.97%). The increase is due to:

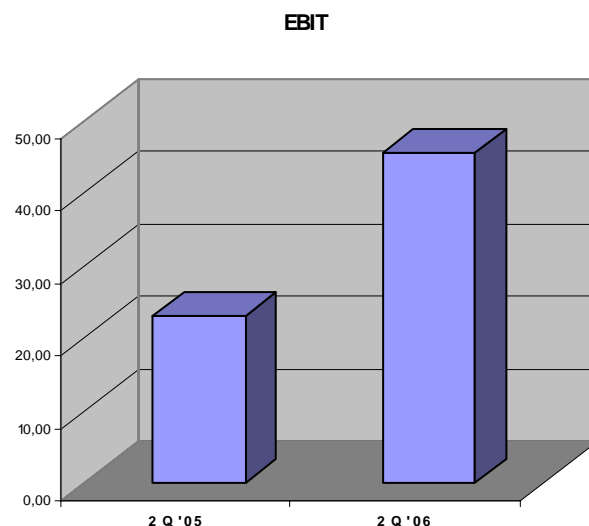
- ✓ Organic growth of rents;
- ✓ Income from the Rimini *hypermarket*, purchased in December 2005;
- ✓ Income from the Darsena City shopping centre, purchased in May 2006;
- ✓ Income from the rentals acquired with the purchase of the going concerns of the malls at "Le Fonti del Corallo", "Le Porte di Napoli", "Casilino" and "Centro Borgo" shopping centres, dated December 2005 and effective as of 1 January 2006;
- ✓ Revenues from turn over in the shopping malls at "Centro d'Abruzzo" and "Centro Esp";
- ✓ Revenues from new management of the shopping malls in Livorno, Afragola, Minganti, Arca, Colleferro and Rimini;
- ✓ We outline a decrease in the rental income from the shopping mall at Centro Leonardo, due to its partial closure for restructuring.



2. EBITDA in the Second Quarter 2006 amounted to €9.44 million, up 16.5% if compared with the same period of the previous year, due to higher revenues (+12.97%) and lower operating costs incidence and staff charges.

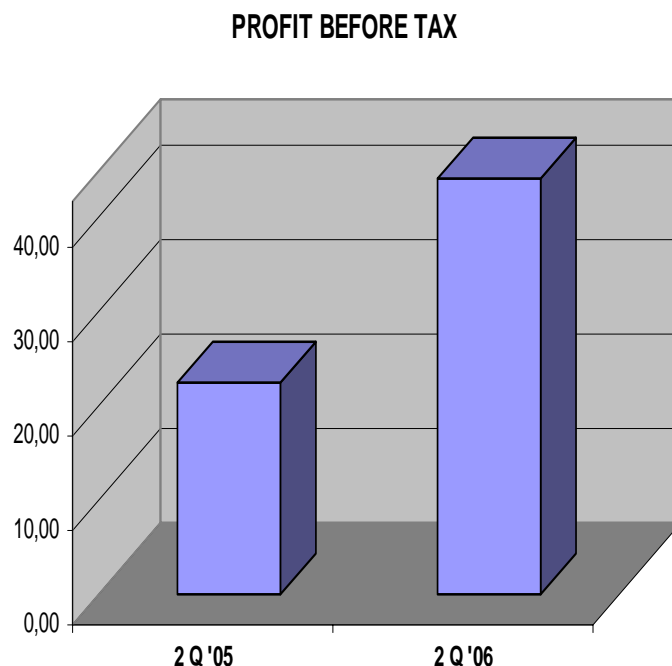


3. As at 30 June 2006, **EBIT** totalled €45.64 millions, an increase of 22.97 millions (+98.67%) mainly due to the increase in the fair value of the real estate assets, following the updated appraisal value released by CBRE as of the same date.



4. Financial operations showed a negative balance of €1.41 millions, up 178.76%, as a result of the increased financial charges (by €0.47 millions, +21.08%) due to an increase in loans to match both ongoing and completed investments. At present, long term debt is fully hedged with interest rate swaps.

5. Profit before tax amounted to €44.23 millions, showing a +96,86% increase.



Balance Sheet and Financial Position

The consolidated balance sheet as of 30 June 2006, can be summarised as follows:

**Please note that the Net Equity calculated at 30 June 2006 accounts for a pre-tax income.*

CONSOLIDATE BALANCE SHEET: ASSETS

	1 Q '06	2 Q '06	Δ
Intangible assets	2.91	2.56	-0.35
- Intangible assets with a finite life	0.01	0.01	0.00
- Goodwill	2.90	2.55	-0.35
Tangible assets	678.41	775.38	96.96
- Real estate investments	612.01	705.99	93.98
- Plant and machinery	0.37	0.34	-0.03
- Equipment	0.13	0.12	-0.01
- Leasehold improvements	0.31	0.28	-0.03
- Assets under construction/acquisition	65.58	68.64	3.06
Other non current assets	7.83	7.77	-0.06
- Prepaid taxes	3.76	3.76	0.00
- Miscellaneous receivables and other non current assets	4.07	4.01	-0.06
TOTAL NON CURRENT ASSETS (A)	689.15	785.71	96.56
Current assets:			
Inventories	20.80	25.81	5.01
Trade and other receivables	7.39	5.43	-1.97
Other current assets	8.63	17.85	9.22
Financial receivables and other current financial assets	41.90	18.15	-23.76
Cash and cash equivalents	18.38	1.96	-16.42
TOTAL CURRENT ASSETS (B)	97.11	69.19	-27.92
Assets sold/held for sale:			
of a financial nature	0.00	0.00	0.00
TOT ASSETS sold/held for sale (C):	0.00	0.00	0.00
TOTAL ASSETS (A+B+C)	786.25	854.90	68.64

CONSOLIDATED BALANCE SHEET: LIABILITIES

	1 Q '06	2 Q '06	Δ
Net equity:			
Parent Company interest	537.58	580.30*	42.72
minority interest	0.00	0.01	0.01
TOTAL NET EQUITY (D)	537.58	580.31	42.73
Non current liabilities:			
Non current financial liabilities	118.59	109.23	-9.37
Provision for severance indemnity	0.21	0.24	0.03
Deferred tax liabilities	8.80	8.80	0.00
Provisions for future risks and charges	0.43	0.32	-0.11
Miscellaneous payables and other non current liabilities	17.47	17.47	0.00
TOTAL NON CURRENT LIABILITIES (E)	145.51	136.06	-9.45
Current liabilities:			
Current financial liabilities	65.55	129.55	63.99
Trade and other payables	14.50	7.31	-7.19
Liabilities for current liabilities	21.62	0.18	-21.44
Other current liabilities	1.49	1.49	0.01
TOTAL CURRENT LIABILITIES (F)	103.16	138.53	35.36
TOTAL LIABILITIES (G=E + F)	248.68	274.59	25.91
TOTAL NET EQUITY AND LIABILITIES (D + G)	786.25	854.90	68.64

The most significant change is shown by real estate investments whose increase is due to the acquisition of the Darsena City Shopping Centre in Ferrara and the accounting of the fair value of the updated appraisal released by CBRE. The other most relevant change is showed in Assets under Construction, further to: the deposit paid in connection with the preliminary contract for the acquisition of land in the Veneto region; the second deposit paid for the Mondovì shopping centre; work in progress for the urbanisation of the Chioggia shopping centre; and other minor work in progress.

The change in inventory is related to the worksite of the Centro Leonardo in Imola.

The net financial position of €218.67 millions, showed an increase of €94.81 millions, due to higher short-term debt, pending the structuring of the long term financing of the Rimini and Darsena City acquisitions.

NET FINANCIAL POSITION	1 Q '06	2 Q '06	Δ
Non current financial liabilities	118.59	109.23	(9.37)
Current financial liabilities	65.55	129.55	63.99
TOTAL FINANCIAL LIABILITIES	184.15	238.77	54.63
Financial receivables and other current financial assets	41.90	18.15	(23.76)
Cash and cash equivalents of a financial nature	18.38	1.96	(16.42)
TOTAL FINANCIAL ASSETS	60.28	20.10	(40.18)
NET FINANCIAL POSITION	123.86	218.67	94.81

More details on the financial structure and the related costs are discussed in the Notes.

The consolidated net equity at 30 June 2006 amounted to €580.31 millions and includes earnings before tax.

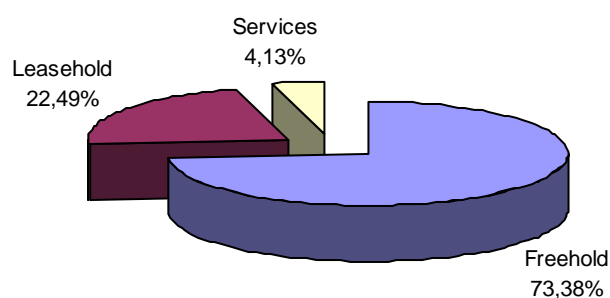
SEGMENT INFORMATION

The activity of the IGD Group consists of two strategic business areas:

- Property Rental
- Services (Agency and Facility Management)

INCOME STATEMENT	2Q 2006		2Q 2005		2Q 2006		2Q 2005	
	RENTALS		SERVICES		TOTAL			
REVENUES	14,209,764	12,779,227	604,206	333,607	14,813,970	13,112,834		
DIRECT COSTS	3,733,397	3,864,719	340,517	278,365	4,073,914	4,143,084		
DIVISIONAL GROSS MARGIN	10,476,367	8,914,508	263,689	55,242	10,740,056	8,969,750		
UNDIVIDED COSTS					1,297,300	864,400		
EBITDA	10,476,367	8,914,508	263,689	55,242	9,442,756	8,105,350		
REASSESSMENT AND DEPRECIATION AND AMORTIZATION	36,194,285	14,866,431			36,194,285	14,866,431		
EBIT	46,670,652	23,780,939	263,689	55,242	45,637,041	22,971,781		
NET PROFIT					44,225,400	22,465,380		

An analysis of the contribution of each business area shows that services account for 4.13% of total revenues.



Rental income amounts for 95.87% of the total (73.38% arising from owned property and 22.49% from leased property).

BALANCE SHEET	jun-30th-06		mar-31st-06		jun-30th-06		mar-31st-06		jun-30th-06		mar-31st-06	
	RENTALS		SERVICES		UNDIVIDED		TOTAL					
NON CURRENT ASSETS	706,739,679	612,832,041	0	0	10,328,368	10,731,670	717,068,047	623,563,711				
INVESTMENTS	68,639,987	65,582,761	0	0			68,639,987	65,582,761				
NWC	39,505,326	20,396,768	780,384	439,356	-179,343	-21,621,752	40,106,367	-785,628				
OTHER LONG TERM LIABILITIES	-26,700,721	-26,810,504	-135,056	-111,156			-26,835,777	-26,921,660				
TOTAL OUTFLOW	788,184,272	654,377,914	645,327	383,462	10,149,025	10,890,082	798,978,624	661,439,184				
NFP	210,777,948	137,113,297	-2,256,212	-2,359,678	10,149,025	-10,890,082	218,670,761	123,863,537				
EQUITY	577,406,324	534,887,769	2,901,539	2,687,878			580,307,863	537,575,647				
TOTAL SOURCES	788,184,272	672,001,066	645,327	383,462	10,149,025	10,890,082	798,978,624	661,439,184				

MAIN EVENTS IN THE SECOND QUARTER 2006

In May the Company acquired the Darsena City Shopping Centre in Ferrara from Magazzini Darsena spa (Gruppo Sinteco spa), an unrelated party. The investment, in line with the business plan, consisted of a total disbursement of 56 million Euros excluding VAT, which was financed for the 40% with internal resources and for the remainder with external debt.

The Shopping Centre, located in the historic city centre, measures 47,000 sq.m., of which 16,368 sq.m. of GLA, 4,638 sq.m. of shopping malls and approximately 26,000 sq.m. parking area: the Centre currently hosts one "Interspar" (Despar) superstore, 34 shops and a multiplex cinema (10 theatres).

The investment includes also the execution of a preliminary contract for the acquisition of the future centre extension, currently under construction, consisting of a surface of 10,500 sq.m. for a further GLA of approximately 3,960 sq.m.

In June, IGD Spa has signed a preliminary contract for the purchase of 15,000 sq.m. of land in Conegliano Veneto (Treviso) from an unrelated party.

The investment, subject to the required permits and authorisations, consists of an area located next to a lot for which IGD already signed a preliminary contract in October 2005 and where it is planned the construction of a new shopping centre and a number of medium sized sale outlets.

On 29 April, both the extraordinary and ordinary shareholders' meetings of IGD were held and appointed the new Board of Directors, the new Board of Statutory Auditors and approved the project of incorporation of the 100% controlled company Gescom, into IGD.

SIGNIFICANT EVENTS TAKING PLACE AFTER THE END OF THE SECOND QUARTER AND BUSINESS TRENDS

In July, the Company signed a preliminary agreement for the purchase from Coop Lombardia, an unrelated party, of 100% of IMMOBILIARE LARICE srl, which owns the shopping mall of the CENTROSARCA shopping centre in Sesto San Giovanni (Milano). The closing of the contract will take place in September 2006, subject to the approval from the Antitrust Authority (Autorità Garante della Concorrenza e del Mercato).

The investment consists of a shopping mall of 80 shops, including 7 medium surfaces, for a total area of 22,270 sq.m. In the Centre is located also an hypermarket, with a shopping surface of 8,000 sq.m., owned by Coop Lombardia.

On 1 August, a financing agreement was signed with Interbanca, granting 150 million Euros of funds, to be available 'on demand' to support the Group's investment programs. The financing is guaranteed by pledges on real estate assets and has a maximum life of 15 years.

On 7 August, a 12-year loan of 28 million Euros was executed with Banca Nazionale del Lavoro to finance the Rimini project, with a mortgage on the same property.

CONSOLIDATED FINANCIAL STATEMENTS
IGD GROUP

CONSOLIDATED BALANCE SHEET

	jun-30th-06 (a)	mar-31st-06 (b)	dec-31st-05	Changes (a-b)
NON CURRENT ASSETS:				
Intangible assets				
- Intangible assets with a finite life	0.01	0.01	0.01	0.00
- Goodwill	2.55	2.90	2.90	-0.35
	<u>2.56</u>	<u>2.91</u>	<u>2.91</u>	<u>(0.35)</u>
Tangible assets				
- Real estate investments	705.99	612.01	603.11	93.98
- Plant and machinery	0.34	0.37	0.41	-0.03
- Equipment	0.12	0.13	0.14	-0.01
- Leasehold improvements	0.28	0.31	0.35	-0.03
- Assets under construction/acquisition	68.64	65.58	57.46	3.06
	<u>775.38</u>	<u>678.41</u>	<u>661.47</u>	<u>96.96</u>
Other non current assets				
- Prepaid taxes	3.76	3.76	3.76	0.00
- Miscellaneous receivables and other non current assets	4.01	4.07	4.08	-0.06
	<u>7.77</u>	<u>7.83</u>	<u>7.84</u>	<u>-0.06</u>
TOTAL NON CURRENT ASSETS (A)	785.71	689.15	672.21	96.56
CURRENT ASSETS:				
Inventories	25.81	20.80	14.02	5.01
Trade and other receivables	5.43	7.39	7.66	-1.97
Other current assets	17.85	8.63	13.15	9.22
Financial receivables and other current financial assets	18.15	41.90	35.61	-23.76
Cash and cash equivalents	1.96	18.38	25.43	-16.42
TOTAL CURRENT ASSETS (B)	69.19	97.11	95.87	-27.92
TOTAL ASSETS (C=A+B)	854.90	786.25	768.08	68.64
NET EQUITY:				
Parent Company interest	580.30	537.58	527.23	42.72
minority interest	0.01	0.00	0.00	0.01
TOTAL NET EQUITY (D)	580.31	537.58	527.23	42.73
NON CURRENT LIABILITIES:				
Non current financial liabilities	109.23	118.59	123.05	-9.37
Provision for severance indemnity	0.24	0.21	0.21	0.03
Deferred tax liabilities	8.80	8.80	8.80	0.00
Provisions for future risks and charges	0.32	0.43	0.43	-0.11
Miscellaneous payables and other non current liabilities	17.47	17.47	17.18	0.00
TOTAL NON CURRENT LIABILITIES (E)	136.06	145.51	149.67	-9.45
CURRENT LIABILITIES:				
Current financial liabilities	129.55	65.55	54.63	63.99
Trade and other payables	7.31	14.50	9.96	-7.19
Liabilities for current tax	0.18	21.62	21.64	-21.44
Other current liabilities	1.49	1.49	4.95	0.01
TOTAL CURRENT LIABILITIES (F)	138.53	103.16	91.18	35.36
TOTAL LIABILITIES (G=E+F)	274.59	248.68	240.85	25.91
TOTAL NET EQUITY AND LIABILITIES (D+G)	854.90	786.25	768.08	68.64

CONSOLIDATED INCOME STATEMENT

	jun-30th-06	jun-30th-05	Changes	2 Q		
	(a)	(b)	(a-b)	2006	2005	changes
Revenue	27.21	25.41	1.81	13.96	12.77	1.19
Other income	1.54	0.68	0.86	0.85	0.35	0.51
Total revenues and operating income	28.75	26.09	2.66	14.81	13.11	1.70
Purchase of materials and external services	19.91	10.36	9.55	9.38	5.93	3.45
Staff charges	1.35	0.79	0.56	0.78	0.45	0.33
Other operating costs	1.49	1.04	0.45	0.72	0.57	0.15
Change in inventories	12.29	2.69	9.60	5.51	1.95	3.56
OPERATING RESULT BEFORE AMORTISATION, DEPRECIATION CAPITAL GAINS/LOSSES AND REVALUATIONS/DEVALUATIONS FOR NON CURRENT ASSETS	18.30	16.59	1.70	9.44	8.11	1.34
Amortisation and depreciation	0.50	0.15	0.35	0.42	0.07	0.35
Fair value change	39.93	14.18	25.75	36.62	14.94	21.68
OPERATING RESULT	57.73	30.62	27.10	45.64	22.97	22.67
Financial income	2.63	2.45	0.18	1.26	1.70	-0.44
Financial charges	5.17	4.42	0.76	2.68	2.21	0.47
PRE-TAX RESULT	55.18	28.66	26.52	44.23	22.47	21.76

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

PREPARATION CRITERIA AND AREA OF CONSOLIDATION

INTRODUCTION

The Quarterly Report and the consolidated accounting statements as at 30 June 2006 are unaudited and have been prepared according to the evaluation and assessment criteria set by the IFRS and adopted by the European Commission, pursuant to the procedure laid out by art. 6 of the EC Regulation n. 1606/2002 of the European Parliament and of the Council of July 19 2002, regarding the application of the International Accounting Standards, as well as in compliance with the provisions of art. 82 of the Consob Regulation n. 11971 of 14 May 1999 "Rules on the implementation guidelines of Law Decree n. 58 of 24 February 1998, on the matter of Listed Companies", and subsequent amendments/additions.

We outline in particular that the Quarterly Report as at 30 June 2006 has been prepared on the basis of the criteria set out in Annex 3D of the above mentioned "Regulation".

PREPARATION CRITERIA

The consolidated accounting statements have been prepared on the basis of the financial situation as of 30 June 2006, as laid out by the companies included in the area of consolidation and adjusted, if required, to comply with the accounting principles and the reclassification criteria of the Group, in line with the IFRS.

The accounting and valuation criteria and the consolidation principles adopted for the preparation of the Quarterly Report are homogeneous with those adopted for the preparation of the IFRS transition document attached as appendix to the Financial Statements as at 31.12.05, to which we make full and explicit reference.

The consolidated financial statements, tables and notes are presented in million euros, unless specified otherwise.

In compliance with CONSOB provisions, the Income Statement figures are supplied for the quarter under review and for the period going from the start of the financial year to the end of the quarter (cumulated); they are compared with the figures for the same period in the previous financial

year. The Balance Sheet data, as at the closing date of the quarter, are compared with the figures as of the closing date of the previous quarter and of the last financial year.

Consequently, the notes to items in the Income Statement are made comparing with the same period of the previous year (30 June 2005), while for the balance sheet items, reference is made to the previous quarter (31 March 2006).

Estimated data have not been employed to a significantly different extent than for the preparation of the full year accounts. Furthermore, we remark that the consolidated data include the financial situation of the parent company Immobiliare Grande Distribuzione S.p.A., the financial situation as at 30 June 2006 of Gescom s.r.l., 100% owned, and the financial situation as at 30 June 2006 of Consorzio Forte di Brontolo, controlled with 86.08%.

Finally, we note that current taxes, or any deferred and/or prepaid taxes, have not been accounted for.

AREA OF CONSOLIDATION

The area of consolidation at 30 June 2006 has changed with respect to 31 March 2006: we outline that, with the start of the realisation of the urbanisation infrastructure works, we have proceeded with the consolidation of the Consorzio.

NOTES TO THE MAIN ITEMS OF THE CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2006

NON CURRENT ASSETS

The change in Non Current Assets between 31 March 2006 and 30 June 2006 is primarily due to an increase of the following items:

- ✓ "Real Estate Investments", related to the acquisition of the Darsena City Shopping Centre in Ferrara and the concurrent change in the Fair Value of these investments
- ✓ "Assets under Construction" due to the payment of the deposit on the preliminary purchase agreement of land in the Veneto area, of the second deposit on the Mondovì Shopping Centre and work in progress on the urbanisation works at the Chioggia Shopping Centre and other minor increase in work in progress,

and to a decrease in "Goodwill" due to the negative effect of the impairment test.

Finally, we note that the small decrease in the items "Plants and Machinery", "Equipment" and "Leasehold Improvements" refer to the standard rate of depreciation for the period.

CURRENT ASSETS

The net change in "Inventory" with respect to 31 March 2006 is due exclusively to the increase in inventory related to the continuing works at the Leonardo Shopping Centre for the extension of the parking area and of the malls area for the sale portion.

The reduction in "Trade Receivables" is due to the normal operating activity.

The increase of "Other Current Assets" is primarily due to an increase of VAT Receivables, arising from the Group liquidation and the payment of prepaid taxes.

We also note that the decrease of the items "Financial Receivables" and "Cash and Other Liquid Assets" is due to the cash outflows for the investments better described in the previous paragraph on Non Current Assets.

NET SHAREHOLDERS' EQUITY

The change in Net Shareholders' Equity is mainly due to the earnings, before tax, for the period and a positive change of the Cash Flow Hedge Reserve, due to IAS accounting.

NON CURRENT LIABILITIES

The net change in Non Current Financial Liabilities is mainly due to the transfer from non current to current liabilities of the loan payments due within 12 months and from the IAS accounting of the value of the financial hedge instruments.

There are no significant changes in the other items.

CURRENT LIABILITIES

The most relevant changes in Current Liabilities are due to an increase of "Current Financial Liabilities" due to the negative balance of the establishment of new Hot Money financing contracts and the utilisation of loan facilities.

The decrease in "Trade Payables" is also the result of normal operating activity.

The decrease of "Current Tax Liabilities" is due to the payment of the substitute tax relating to the Revaluation Law 266/2005 and the tax balance relating to the previous financial year.

NOTES TO THE MAIN ITEMS OF THE CONSOLIDATED INCOME STATEMENT AS OF 30 JUNE 2006

REVENUES AND OPERATING INCOME

Consolidated revenues and other income at 30 June 2006 amounted to €28.75 million, recording an increase by €2.66 millions, equal to +11.48%, compared with the same period of the previous financial year.

The increase is due to:

- ✓ organic growth of rents
- ✓ additional rents following the purchase of the going concerns of the shopping malls in Casilino, Afragola, Fonti del Corallo and Borgo, effective 1 January 2006

- ✓ additional rents following the acquisition of the Rimini hypermarket and the Darsena City Shopping Centre in Ferrara, dated December 2005 and May 2006, respectively
- ✓ turnover in the Malls of Centro D'Abruzzo and Centro Esp
- ✓ rent decrease in the Centro Leonardo mall due to a partial closure for restructuring
- ✓ new management of the Malls in Fonti del Corallo, Afragola, Minganti, Arca, Colleferro and Rimini.

PURCHASE OF MATERIALS AND EXTERNAL SERVICES

This item includes mainly rent expense on real estate managed by the Group and costs for the extension of the mall and the parking lot at the Leonardo shopping centre.

The increase, compared to 30 June 2005, is due mainly to costs incurred for the above mentioned construction works.

STAFF COSTS

Staff Costs rose, compared to the same period in 2005, due to an increase of the number of employees, in line with the growth of the Group and its planned organisation structure.

OTHER OPERATING COSTS

No significant changes are noted.

FINANCIAL INCOME AND CHARGES

The result of financial operations showed a negative balance of €2.54 million, with an increase of financial charges, when compared to the same period of 2005, due to higher banking interest costs related to the new Hot Money contracts and the utilisation of financial loans.